

August 6, 2020



Amtech Reports Third Quarter Fiscal 2020 Results

TEMPE, Ariz.,--(BUSINESS WIRE)-- Amtech Systems, Inc. (NASDAQ: ASYS), a manufacturer of capital equipment, including thermal processing and wafer polishing, and related consumables used in fabricating semiconductor devices, such as silicon carbide (SiC) and silicon power chips, electronic assemblies and light-emitting diodes (LEDs), today reported results for its third quarter ended June 30, 2020.

Third Quarter Fiscal 2020 Financial and Operational Highlights from Continuing Operations:

- Net revenue of \$15.2 million
- Breakeven operating income of \$31,000
- Loss from continuing operations, net of tax, of \$0.1 million
- Loss per diluted share from continuing operations of \$0.01
- Customer orders of \$10.8 million
- Unrestricted cash of \$46.4 million

Mr. Michael Whang, Chief Executive Officer of Amtech, commented, "While the global pandemic continues to create operational challenges, thanks to the diligent efforts of our employees and supply chain partners, in the third quarter we saw minimal disruption in our ability to service customers. In the fourth quarter, we began to see a rise in customer engagement with our recently announced 300mm diffusion furnace order. We believe this is an early indicator of the strength in long-term demand drivers for power semiconductors, including silicon carbide, led by growing demand from electric vehicles and automotive sensors, renewable energy, mobile devices, and wireless communications applications," concluded Mr. Whang.

GAAP Financial Results

(in millions, except per share amounts)

	Q3 FY 2020	Q2 FY 2020	Q3 FY 2019	9 Months 2020	9 Months 2019
Net revenues	\$ 15.2	\$ 14.5	\$ 21.0	\$ 50.4	\$ 64.9
Gross profit	\$ 6.0	\$ 5.4	\$ 7.9	\$ 19.5	\$ 24.8
<i>Gross margin</i>	39%	37%	37%	39%	38%
Operating income (loss)	\$ 0.0	\$ (1.0)	\$ 1.4	\$ 0.7	\$ 3.3
<i>Operating margin</i>	0.2%	-6.7%	6.4%	1.4%	5.0%
(Loss) income from continuing operations, net of tax	\$ (0.1)	\$ (0.5)	\$ 0.9	\$ (1.9)	\$ 2.2

United States Dollar and the Renminbi. Changes in the value of the Renminbi in relation to the United States Dollar could cause actual results to differ from expectations.

Conference Call

Amtech Systems will host a conference call today at 5:00 p.m. ET to discuss our fiscal third quarter financial results. The call will be available to interested parties by dialing 800-430-8332. For international callers, please dial +1 323-347-3612. The Conference ID number is 9393233. The call will be webcast and available in the Investor Relations section of Amtech's website at: <http://www.amtechsystems.com/conference.htm>.

A replay of the webcast will be available in the Investor Relations section of the company's web site at <http://www.amtechsystems.com/conference.htm> shortly after the conclusion of the call and will remain available for approximately 30 calendar days.

About Amtech Systems, Inc.

Amtech Systems, Inc. is a leading, global manufacturer of capital equipment, including thermal processing and wafer polishing, and related consumables used in fabricating semiconductor devices, such as silicon carbide (SiC) and silicon power chips, electronic assemblies and light-emitting diodes (LEDs). We sell these products to semiconductor and automotive component manufacturers worldwide, particularly in Asia, North America and Europe. Our strategic focus is on semiconductor growth opportunities in power electronics, leveraging our strength in our core competencies in thermal and substrate processing. We are a market leader in the high-end power chip market (SiC and 300mm silicon horizontal thermal reactor), developing and supplying essential equipment and consumables used in the semiconductor industry. Amtech's products are recognized under the leading brand names BTU International, Bruce Technologies™, and PR Hoffman™.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this press release is forward-looking in nature. All statements in this press release, or made by management of Amtech Systems, Inc. and its subsidiaries ("Amtech"), other than statements of historical fact, are hereby identified as "forward-looking statements" (as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995). The forward-looking statements in this press release relate only to events or information as of the date on which the statements are made in this press release. Examples of forward-looking statements include statements regarding Amtech's future financial results, operating results, business strategies, projected costs, products under development, competitive positions, plans and objectives of Amtech and its management for future operations, efforts to improve operational efficiencies and effectiveness and profitably grow our revenue, the planned divestiture of our solar business, and enhancements to our technologies and expansion of our product portfolio. In some cases, forward-looking statements can be identified by terminology such as "may," "plan," "anticipate," "seek," "will," "expect," "intend," "estimate," "anticipate," "believe," "continue," "predict," "potential," "project," "should," "would," "could", "likely," "future," "target," "forecast," "goal," "observe," and "strategy" or the negative of these terms or other comparable terminology used in this press release or by our management, which are intended to identify such forward-looking statements. These statements are not guarantees of future

performance and involve risks, uncertainties and assumptions that are difficult to predict. The Form 10-K that Amtech filed with the Securities and Exchange Commission (the "SEC") for the year-ended September 30, 2019, listed various important factors that could affect the Company's future operating results and financial condition and could cause actual results to differ materially from historical results and expectations based on forward-looking statements made in this document or elsewhere by Amtech or on its behalf. These factors can be found under the heading "Risk Factors" in the Form 10-K and investors should refer to them. Because it is not possible to predict or identify all such factors, any such list cannot be considered a complete set of all potential risks or uncertainties. Except as required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise.

AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
August 6, 2020
(Unaudited)

Summary Financial Information for Continuing Operations
(in thousands, except percentages and ratios)

	<u>Three Months Ended</u>			<u>Nine Months Ended June 30,</u>	
	<u>June 30,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>2020</u>	<u>2019</u>
Amtech Systems, Inc.					
Revenues, net of returns and allowances	\$ 15,227	\$ 14,460	\$ 21,003	\$ 50,379	\$ 64,861
Gross profit	\$ 5,951	\$ 5,358	\$ 7,850	\$ 19,483	\$ 24,797
Gross margin	39%	37%	37%	39%	38%
Operating income (loss)	\$ 31	\$ (972)	\$ 1,351	\$ 696	\$ 3,263
New orders	\$ 10,830	\$ 20,626	\$ 16,278	\$ 49,081	\$ 56,216
Backlog	\$ 15,221	\$ 19,618	\$ 17,237	\$ 15,221	\$ 17,237
Semiconductor Segment					
Revenues, net of returns and allowances	\$ 12,357	\$ 11,992	\$ 16,254	\$ 41,581	\$ 51,267
Gross profit	\$ 4,953	\$ 4,413	\$ 6,566	\$ 16,552	\$ 20,499
Gross margin	40%	37%	40%	40%	40%
Operating income (loss)	\$ 1,058	\$ (18)	\$ 1,951	\$ 3,762	\$ 6,428
New orders	\$ 8,356	\$ 17,019	\$ 12,899	\$ 40,469	\$ 44,462
Backlog	\$ 13,798	\$ 17,799	\$ 13,931	\$ 13,798	\$ 13,931
SiC/LED Segment					

Revenues, net of returns and allowances	\$ 2,870	\$ 2,468	\$ 3,074	\$ 8,155	\$ 9,330
Gross profit	\$ 998	\$ 945	\$ 1,038	\$ 2,922	\$ 3,524
Gross margin	35%	38%	34%	36%	38%
Operating income	\$ 241	\$ 421	\$ 607	\$ 1,196	\$ 2,253
New orders	\$ 2,474	\$ 3,607	\$ 2,697	\$ 8,612	\$ 9,574
Backlog	\$ 1,423	\$ 1,819	\$ 2,934	\$ 1,423	\$ 2,934

AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
August 6, 2020
(Unaudited)

Condensed Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Revenues, net of returns and allowances	\$ 15,227	\$ 21,003	\$ 50,379	\$ 64,861
Cost of sales	9,276	13,153	30,896	40,064
Gross profit	5,951	7,850	19,483	24,797
Selling, general and administrative	4,804	5,718	16,134	18,137
Research, development and engineering	899	746	2,436	2,325
Restructuring charges	217	35	217	1,072
Operating income	31	1,351	696	3,263
Loss on sale of subsidiary	—	—	(2,793)	—
Interest (expense) income and other, net	(13)	249	512	511
Income (loss) from continuing operations before income taxes	18	1,600	(1,585)	3,774
Income tax provision	90	707	297	1,621
(Loss) income from continuing operations, net of tax	(72)	893	(1,882)	2,153
Income (loss) from discontinued operations, net of tax	—	1,154	(11,816)	(8,113)
Net (loss) income	\$ (72)	\$ 2,047	\$ (13,698)	\$ (5,960)

(Loss) Income Per Basic Share:

Basic (loss) income per share from continuing operations	\$ (0.01)	\$ 0.06	\$ (0.13)	\$ 0.15
Basic income (loss) per share from discontinued operations	\$ —	\$ 0.08	\$ (0.83)	\$ (0.57)
Net (loss) income per basic share	<u>\$ (0.01)</u>	<u>\$ 0.14</u>	<u>\$ (0.96)</u>	<u>\$ (0.42)</u>

(Loss) Income Per Diluted Share:

Diluted (loss) income per share from continuing operations	\$ (0.01)	\$ 0.06	\$ (0.13)	\$ 0.15
Diluted income (loss) per share from discontinued operations	\$ —	\$ 0.08	\$ (0.83)	\$ (0.57)
Net (loss) income per diluted share	<u>\$ (0.01)</u>	<u>\$ 0.14</u>	<u>\$ (0.96)</u>	<u>\$ (0.42)</u>

Weighted average shares outstanding - basic	14,155	14,245	14,195	14,231
Weighted average shares outstanding - diluted	14,155	14,316	14,195	14,267

**AMTECH SYSTEMS, INC.
(NASDAQ: ASYS)
August 6, 2020
(Unaudited)****Condensed Consolidated Balance Sheets
(in thousands, except share data)**

	<u>June 30, 2020</u>	<u>September 30, 2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 46,436	\$ 52,982
Restricted cash	—	101

Accounts receivable (less allowance for doubtful accounts of \$138 and \$172 at June 30, 2020, and September 30, 2019, respectively)	10,297	12,873
Inventories	19,385	17,532
Notes and other receivables	1,250	—
Income taxes receivable	150	—
Held-for-sale assets	—	22,755
Other current assets	3,066	2,027
Total current assets	80,584	108,270
Property, Plant and Equipment - Net	10,438	10,217
Right-of-Use Assets - Net	5,162	—
Intangible Assets - Net	674	870
Goodwill - Net	6,633	6,633
Other Assets	565	487
Total Assets	<u>\$104,056</u>	<u>\$ 126,477</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 3,933	\$ 4,371
Accrued compensation and related taxes	1,983	2,717
Accrued warranty expense	401	556
Other accrued liabilities	1,478	1,274
Current maturities of long-term debt	376	371
Contract liabilities	1,645	1,378
Income taxes payable	—	1,434
Held-for-sale liabilities	—	18,547
Total current liabilities	9,816	30,648
Long-Term Debt	4,894	5,178
Long-Term Lease Liability	5,088	—
Income Taxes Payable	2,007	3,199
Total Liabilities	21,805	39,025
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock; 100,000,000 shares authorized; none issued	—	—
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 14,048,172 and 14,268,797 at June 30, 2020 and September 30, 2019, respectively	140	143
Additional paid-in capital	124,289	125,098
Accumulated other comprehensive loss	(1,792)	(11,233)
Retained deficit	(40,386)	(26,556)
Total shareholders' equity	82,251	87,452
Total Liabilities and Shareholders' Equity	<u>\$104,056</u>	<u>\$ 126,477</u>

AMTECH SYSTEMS, INC.
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(Unaudited)

Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended June 30,	
	2020	2019
Operating Activities		
Net loss	\$ (13,698)	\$ (5,960)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	932	1,280
Write-down of inventory	540	2,991
Deferred income taxes	784	192
Non-cash share-based compensation expense	257	474
Loss (gain) on sales of subsidiaries	13,708	(1,614)
(Reversal of) provision for allowance for doubtful accounts, net	(26)	1,104
Other, net	13	107
Changes in operating assets and liabilities:		
Accounts receivable	2,356	630
Inventories	(2,791)	284
Other assets	(2,376)	12,675
Accounts payable	(2,363)	(3,843)
Accrued income taxes	(2,722)	(1,359)
Accrued and other liabilities	5,346	(5,726)
Contract liabilities	(950)	(814)
Net cash (used in) provided by operating activities	<u>(990)</u>	<u>421</u>
Investing Activities		
Purchases of property, plant and equipment	(860)	(552)
Net cash disposed of in sales of subsidiaries	(9,940)	(1,112)
Net cash used in investing activities	<u>(10,800)</u>	<u>(1,664)</u>
Financing Activities		
Proceeds from the exercise of stock options	799	175
Repurchase of common stock	(2,000)	—
Payments on long-term debt	(285)	(280)
Borrowings on long-term debt	—	9
Net cash used in financing activities	<u>(1,486)</u>	<u>(96)</u>

Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	578	(1,450)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(12,698)	(2,789)
Cash, Cash Equivalents and Restricted Cash, Beginning of Period*	59,134	62,496
Cash, Cash Equivalents and Restricted Cash, End of Period*	\$ 46,436	\$ 59,707

* Includes Cash, Cash Equivalents and Restricted Cash that are included in Held-For-Sale Assets on the Condensed Consolidated Balance Sheets for periods prior to January 22, 2020.

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Amtech Systems, Inc.

Lisa D. Gibbs

Chief Financial Officer

(480) 967-5146

irelations@amtechsystems.com

Sapphire Investor Relations, LLC

Erica Mannion and Mike Funari

(617) 542-6180

irelations@amtechsystems.com

Source: Amtech Systems, Inc.